

109TH CONGRESS  
1ST SESSION

# S. 1982

To amend the Internal Revenue Code of 1986 to provide a tax credit against residential heating costs.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 9, 2005

Ms. SNOWE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit against residential heating costs.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Home Energy Assist-  
5 ance Act of 2005”.

6 **SEC. 2. TAX CREDIT AGAINST RESIDENTIAL HEATING**  
7 **COSTS.**

8 (a) IN GENERAL.—Subpart A of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of  
10 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25D the following new  
2 section:

3 **“SEC. 25E. CREDIT AGAINST RESIDENTIAL HEATING COSTS.**

4       “(a) GENERAL RULE.—In the case of an individual,  
5 there shall be allowed as a credit against the tax imposed  
6 by this chapter for the taxable year an amount equal to  
7 the amount paid or incurred during such taxable year for  
8 residential heating costs.

9       “(b) LIMITATIONS.—

10           “(1) DOLLAR LIMITATION.—The amount of the  
11 credit allowed to under subsection (a) to any tax-  
12 payer shall not exceed \$500 for any taxable year.

13           “(2) LIMITATION BASED ON ADJUSTED GROSS  
14 INCOME.—

15           “(A) IN GENERAL.—The amount of the  
16 credit which would (but for this paragraph) be  
17 taken into account under subsection (a) for the  
18 taxable year shall be reduced (but not below  
19 zero) by the amount determined under subpara-  
20 graph (B).

21           “(B) AMOUNT OF REDUCTION.—The  
22 amount determined under this subparagraph is  
23 the amount which bears the same ratio to the  
24 amount which would be so taken into account  
25 as—

1 “(i) the excess of—

2 “(I) the taxpayers adjusted gross  
3 income for such taxable year, over

4 “(II) the threshold amount, bears  
5 to

6 “(ii) the phaseout amount.

7 “(C) THRESHOLD AMOUNT.—For purposes  
8 of this paragraph, the term ‘threshold amount’  
9 means—

10 “(i) \$80,000 in the case of a joint re-  
11 turn,

12 “(ii) \$65,000 in the case of a head of  
13 a household, and

14 “(iii) \$40,000 in any other case.

15 “(D) PHASEOUT AMOUNT.—For purposes  
16 of this paragraph, the term ‘phaseout amount’  
17 means—

18 “(i) \$20,000 in the case of a joint re-  
19 turn or a head of a household, and

20 “(ii) \$10,000 in any other case.

21 “(3) MAXIMUM CREDIT PER HOUSEHOLD.—

22 “(A) IN GENERAL.—In the case of any  
23 household, the credit under subsection (a) shall  
24 be allowed only to the individual residing in  
25 such household who furnishes the largest por-

tion (whether or not more than one-half) of the cost of maintaining such household.

“(B) DETERMINATION OF AMOUNT.—In the case of an individual described in subparagraph (A), such individual shall, for purposes of determining the amount of the credit allowed under subsection (a), be treated as having paid or incurred during such taxable year for increased residential heating costs an amount equal to the sum of the amounts paid or incurred for such heating costs by all individuals residing in such household (including any amount allocable to any such individual under subsection (d) or (e)).

“(c) CARRYBACK OF CREDIT.—

“(1) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (b)(1) for such taxable year, such excess shall be allowed—

“(A) as a credit carryback to each of the 2 taxable years preceding such taxable year, and

“(B) as a credit carryforward to each of the 20 taxable years following such taxable year.

1           “(2) AMOUNT CARRIED TO EACH YEAR.—Rules  
2           similar to the rules of section 39(b)(2) shall apply  
3           for purposes of this section.

4           “(3) LIMITATION.—The amount of unused  
5           credit which may be taken into account under para-  
6           graph (1) for any taxable year shall not exceed the  
7           limitation under subsection (b)(1).

8           “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
9           poses of this section—

10           “(1) RESIDENTIAL HEATING COSTS.—The term  
11           ‘residential heating costs’ means costs incurred in  
12           connection with an energy source used to heat a  
13           principal residence of the taxpayer located in the  
14           United States.

15           “(2) PRINCIPAL RESIDENCE.—The term ‘prin-  
16           cipal residence’ has the same meaning as in section  
17           121, except that—

18                   “(A) no ownership requirement shall be  
19                   imposed, and

20                   “(B) the principal residence must be used  
21                   by the taxpayer as the taxpayer’s residence dur-  
22                   ing the taxable year.

23           “(3) NO CREDIT FOR MARRIED INDIVIDUALS  
24           FILING SEPARATE RETURNS.—If the taxpayer is a  
25           married individual (within the meaning of section

1       7703), this section shall apply only if the taxpayer  
 2       and the taxpayer's spouse file a joint return for the  
 3       taxable year.

4           “(4) TREATMENT OF EXPENSES PAID BY DE-  
 5       PENDENT.—If a deduction under section 151 with  
 6       respect to an individual is allowed to another tax-  
 7       payer for a taxable year beginning in the calendar  
 8       year in which such individual's taxable year begins—

9           “(A) no credit shall be allowed under sub-  
 10       section (a) to such individual for such individ-  
 11       ual's taxable year, and

12           “(B) residential heating costs paid by such  
 13       individual during such individual's taxable year  
 14       shall be treated for purposes of this section as  
 15       paid by such other taxpayer.

16       “(e) HOMEOWNERS ASSOCIATIONS.—The application  
 17       of this section to homeowners associations (as defined in  
 18       section 528(c)(1)) or members of such associations, and  
 19       tenant-stockholders in cooperative housing corporations  
 20       (as defined in section 216), shall be allowed by allocation,  
 21       apportionment, or otherwise, to the individuals paying, di-  
 22       rectly or indirectly, for the increased residential heating  
 23       cost so incurred.

1       “(f) APPLICABILITY OF SECTION.—This section shall  
 2     apply to taxable years beginning after December 31, 2005,  
 3     and before January 1, 2007.”.

4       (b) REDUCTION IN WITHHOLDING.—The Secretary  
 5     of the Treasury—

6             (1) shall educate taxpayers on adjusting with-  
 7             holding of taxes to reflect any anticipated tax credit  
 8             under section 25E of the Internal Revenue Code of  
 9             1986, and

10            (2) may adjust the wage withholding tables pre-  
 11           scribed under section 3402(a)(1) of such Code to  
 12           take into account the credit allowed under section  
 13           25E of such Code.

14       (c) CLERICAL AMENDMENT.—The table of sections  
 15     for subpart A of part IV of subchapter A of chapter 1  
 16     of the Internal Revenue Code of 1986 is amended by strik-  
 17     ing the item relating to section 35 and by adding at the  
 18     end the following new items:

“Sec. 25E. Credit against residential heating costs.”.

19       (d) EFFECTIVE DATE.—The amendments made by  
 20     this section shall apply to taxable years beginning after  
 21     December 31, 2005.

1 **SEC. 3. DISALLOWANCE OF USE OF LIFO METHOD OF AC-**  
2 **COUNTING BY LARGE INTEGRATED OIL COM-**  
3 **PANIES FOR LAST TAXABLE YEAR ENDING**  
4 **BEFORE OCTOBER 1, 2005.**

5 (a) GENERAL RULE.—Notwithstanding any other  
6 provision of law, an applicable integrated oil company  
7 shall, in determining the amount of Federal income tax  
8 imposed on such company for its most recent taxable year  
9 ending on or before September 30, 2005, use the first-  
10 in, first-out (FIFO) method of accounting rather than the  
11 last-in, last-out (LIFO) method of accounting with respect  
12 to its crude oil inventories.

13 (b) APPLICATION OF REQUIREMENT.—The require-  
14 ment to use the first-in, first-out (FIFO) method of ac-  
15 counting under subsection (a)—

16 (1) shall not be treated as a change in method  
17 of accounting, and

18 (2) shall be disregarded in determining the  
19 method of accounting required to be used in any  
20 succeeding taxable year.

21 (c) APPLICABLE INTEGRATED OIL COMPANY.—For  
22 purposes of this section, the term “applicable integrated  
23 oil company” means an integrated oil company (as defined  
24 in section 291(b)(4) of the Internal Revenue Code of  
25 1986) which—



1           (1)   had   gross   receipts   in   excess   of  
2       \$1,000,000,000 for its most recent taxable year end-  
3       ing on or before September 30, 2005, and

4           (2) would, without regard to this section, use  
5       the last-in, first-out (LIFO) method of accounting  
6       with respect to its crude oil inventories for such tax-  
7       able year.

8 For purposes of paragraph (1), all persons treated as a  
9 single employer under subsections (a) and (b) of section  
10 52 of the Internal Revenue Code of 1986 shall be treated  
11 as 1 person.

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